

Creative Enterprises in the Piedmont Triad Economy

- Executive Summary -

A Report to the Piedmont Triad Partnership

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Executive Summary

Introduction

The Piedmont Triad's best bet to ignite and sustain a widely distributed renaissance of its regional economy is to nurture and promote a forward-looking mix of advanced technologies and applied creativity. The region's emergent creative economy should build upon its earlier foundations—manufacturing, furniture and fabrics—while developing its new and emerging digital arts, media, and craft industries. It will realize its greatest success in the former, the more established industries, by boldly breaking the mold of more traditional designs, fashions, and markets. Now is the time to promote the Piedmont Triad's most inventive designers, to pursue higher-end markets, and to strengthen its position in new niches.

In so doing, the regional economy can become a robust, dynamic hub of creative individuals and firms. It already has the fundamental assets upon which to build such an environment—cultural heritage, creative talent, creative firms, and a strong post-secondary network of colleges and universities. As yet, however, the Piedmont Triad's creative economy has not come into its own. It awaits the concerted resolve of its public and private sector leaders to build a critical mass of world-class creative enterprises and develop a brand that distinguishes it from other places. Simply put, the creative challenge facing the Piedmont Triad is to transform itself into a world-class center for design.

This report defines the assets, support systems, and emergent opportunities that comprise the Triad's creative economy. It illustrates how a more fully fledged network of creative enterprises and cutting-edge support systems—especially focused around design as its overarching competitive advantage—will attract creative talent, generate well-paying jobs, accelerate innovation, and support the success of other economic clusters in the region, including technology-related growth sectors and tourism. As it develops, a more vigorous creative economy will enhance the Triad region's overall quality of life. Finally, the report recommends a four-step set of specific goals and action strategies that can guide the region's public and private leaders as they prioritize the targeted investments needed to make this promising vision an established reality.

What is the Piedmont Triad's Creative Economy?

The true economy of the Piedmont Triad has always been more diverse than its well-recognized public image as a center for traditional manufacturing. Despite recent outsourcing and lost production, the region still has a large number of design-oriented and customized furniture and apparel companies. While taking a backseat for decades to the large mass-production companies, these high-end firms have been less affected by low-cost imports. Perhaps just as significantly, the region's history in furniture and the High Point Market are likely to ensure that the region will retain a strong furniture cluster, although it likely will be organized around different functions than in the past. Its future may be built on design, showrooms, logistics, marketing, administration as well as smaller niche and customized manufacturing.

Moreover, the Piedmont Triad's cultural roots extend widely across the region, from traditional music in Mount Airy to the potteries of Seagrove. Winston-Salem's UNC School of the Arts is a national treasure. However, these considerable creative assets have too often been viewed chiefly as cultural goods, not economic opportunities and profit-driven enterprises; as part of the region's quality of life, not quantity of jobs; as peripheral to industrial recruitment, not essential.

What would it mean, then, to fully consider these and other Triad creative assets as vital resources and contributors to a well-integrated, high-functioning regional creative economy? For the purposes of this report, the creative economy is defined by its economic value and potential. It includes all those enterprises that contribute to the production and marketing of economic goods and services that distinguish themselves by qualities associated with aesthetics, authenticity, or culture; that is, qualities in which the experience that is associated with the product or service adds substantially to its economic value and market potential.

This definition encompasses not just the "core" of the creative economy—the companies that make art and creative products—but also the full breadth of the value chain that it takes to transform original art and design into products and services and get them to their final markets and customers. The creative enterprise economy operates as an economic production system that extends from the raw materials, equipment, and sources of learning through the software, technical support systems, distribution channels, and marketing outlets. It also includes the underlying support system of education and training programs, business and financial assistance programs, and the associations, guilds, and cooperatives that facilitate networking and provide services.

Assessing the Scale of the Regional Creative Economy

For its analysis presented in this report, the Alliance for Creative Advantage has relied upon standardized data collected by various government agencies, providing consistency and comparability to other parts of the economy, both with the region and beyond. These figures, however, have their limitations, missing out on some industries where companies produce artistic goods but lack a distinguishing classification, such as glass and ceramic artists who are counted in manufacturing sectors dominated by standardized products, or computer gaming, which is embedded within computer software industries. Moreover, even though the basic unit of analysis in the RTS report is the economic "enterprise," it is important to note that the Triad regional economy includes large numbers of individuals who earn their living by applying or developing creative talents but are not employed by an enterprise that meets the classification criteria. Accordingly, the analysis of this data presents an essentially conservative measure of the region's creative economy.

With these caveats in mind, this report seeks to help leaders and citizens better understand the true breadth and diversity of the Piedmont Triad's creative economy, as well as its specific needs and overall potential. Overall, the Piedmont Triad region has more than 22,300 jobs in 48 creative occupations across all industries in the economy. Jobs grew 14 percent between 2002 and 2007 in creative occupations. The 2007 median hourly earnings for individuals employed in these occupations combined were \$15.77,

or roughly \$32,486 per year. Across the region, Guilford and Forsyth Counties employed over 67 percent of all 2007 jobs in creative occupations.

In terms of employment, the Piedmont Triad's overall creative enterprise cluster was the region's ninth largest cluster in 2007, ranking just behind information technology and telecommunications and just ahead of agribusiness, food processing, and technology. While substantially smaller than biotechnology and business services, the creative enterprise cluster is comparable to logistics and advanced materials and significantly larger than chemicals, transportation manufacturing, and computer manufacturing.

Creative enterprises in the Piedmont Triad grew three percent during 2002 through 2007, while the overall economy was stagnant and traditional manufacturing declined. Although the cluster grew slower than biotechnology, advanced materials, and computer manufacturing, the growth in creative enterprises was comparable to business services and logistics.

Benefits of Focusing on Creative Assets and Enterprises

The principal argument, of course, for focusing on companies producing creative and cultural goods is their direct contribution to the overall economy. They generate many more jobs and wealth generally realized or even suspected from conventional analyses.

The direct impact of creative enterprises on job growth is only one part of the larger picture. Because just their presence within a community affirms specific values and provides certain amenities, they also attract talent and other businesses. They contribute to increased tourism and spending. Finally, because they help establish a climate of "thinking outside the box," they accelerate the pace of innovation. Over time, for example, the Center for Design Innovation, which focuses on the connections between art, design, and technology, is likely to have a major impact on the innovation process and the competitiveness of firms in the Piedmont Triad.

In fact, the creative enterprise cluster can be thought of as a keystone species¹ within the larger ecology of key industry clusters that comprise the overall regional economy. It intersects and impacts the competitiveness of all of those clusters, including advanced manufacturing, logistics and transportation, and health care.

Next Steps

Although the Piedmont Triad has not yet fully established itself as a world-class creative regional economy, it can accomplish that ambitious vision by strengthening and capitalizing upon existing assets, including its historical legacy with manufacturing, rich cultural assets in both traditional and emerging media, strong educational resources, and the progressive vision of its leadership.

¹ From a biological perspective, a keystone species is one whose presence facilitates and helps sustain the diversity of life within a particular ecosystem.

After all, even given recent reversals in key economic sectors, the High Point Market remains the most important furniture event in the world. The region also has a very strong set of programs and resources in entrepreneurial development, which could give much more attention to creative enterprises. It boasts a strong funding environment for arts and cultural institutions through the region's arts councils and local philanthropy. And the Piedmont has a robust economic development infrastructure, which, if it chooses, could significantly bolster the region's creative sectors.

It is essential for the goals and actions outlined in this report to be coordinated regionally. A fragmented approach by individual communities will prevent the creative enterprise cluster from realizing its full potential. Now is the time to seize the opportunities for working together to build a dynamic, competitive creative economy in the Piedmont Triad.

As such, the report recommends that the Piedmont Triad embrace five overarching goals, each with specific action steps that are essential to moving forward:

It is essential that the goals and actions outlined in this report are coordinated regionally. A fragmented approach by individual communities will prevent the creative cluster from realizing its full potential. Now is the time to seize the regional opportunities for working together in private industry, education, and the public sector to meet the challenge of transforming the Piedmont Triad into a world-class center for design.

Goal I: Provide oversight, direction, and coordination to the region's creative economy.

Goal II: Capitalize on the creative economy assets of the region's educational institutions.

Goal III: Strengthen the business, marketing, and entrepreneurial capabilities of creative enterprises.

Goal IV: Advance the application of design as source of competitive advantage for the region.

Goal V: Promote packaging and branding of the region's creative assets.

Successfully addressing all of these goals, especially with a strong emphasis upon design as the leading competitive advantage of the creative enterprises cluster, likely will bring lasting benefits to every sector of the overall Piedmont Triad regional economy.